

## Message Text

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R 161354Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY JIDDA

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E.O. 11652: N/A

TAGS: BEXP, SA

SUBJECT: U.S. COMPANY INTEREST IN STEEL FABRICATION  
PLANT IN SAUDI ARABIA

1. J.M. PEDEN, PRESIDENT, PEDEN STEEL, RALEIGH, N.C.,  
MANUFACTURER STEEL STRUCTURALS, VISITED COMMERCE/CAGNE  
APRIL 12 TO DISCUSS PROSPECTS FOR ESTABLISHING PLANT IN  
SAUDI ARABIA. COMPANY STRATEGY WOULD BE TO INITIALLY  
PRODUCE STEEL REINFORCING BARS FOR CONCRETE CONSTRUCTION,  
WITH POSSIBILITY BRANCHING OUT INTO OTHER STRUCTURES  
LATER ON. FIRM LOOKING TO ARRANGEMENT INITIALLY WITH U.S.  
CONTRACTING FIRM NOW WORKING IN SAUDI ARABIA IN ORDER  
ASSURE OUTLET FOR ITS PRODUCTION, AND HAS TALKED IN THIS  
REGARD TO J.A. JONES AND ROGERS CONSTRUCTION OF TENNESSEE.  
IF CONDITIONS INDICATE, HOWEVER, FIRM WOULD BE PREPARED  
SERVICE OTHER LOCAL CONTRACTORS FROM SAUDI FACILITY.

2. PEDEN IS PREPARED TO JOINT VENTURE WITH SUITABLE SAUDI  
FIRM AND HAS SOUGHT COMMERCE ASSISTANCE THIS REGARD. FILES  
OF CAGNE'S BUSINESS FACILITATION STAFF CONTAIN NO CURRENT  
EXPRESSIONS OF SUCH INTEREST BY SAUDI FIRMS. HOWEVER,  
PEDEN WAS GIVEN 1974 LIST OF SPECIFIC INDUSTRIAL PROJECTS  
IN WHICH SAUDI FIRMS HAD SHOWN INTEREST WHICH WAS GIVEN  
TO U.S. JOINT COMMISSION ELEMENT DURING JULY 1974 MEETINGS.  
FOLLOWING FIVE FIRMS WERE LISTED AS INTERESTED IN PROJECTS  
FOR STEEL REINFORCING BARS OR STEEL STRUCTURES:

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-- A. SALEH BASHEAN COMPANY, RIYADH, P.O. BOX

-- B. A. SINDI, JIDDA, P.O. BOX 1137, STEEL  
-- RE-BARS  
-- C. K. ALGHOSAIBI, DAMMAM, P.O. BOX 222,  
-- STEEL RE-BARS (WTDR K. ALGHOSAIBI COLD  
-- STORES, DAMMAM, DATED 2/76).  
-- D. COMMERCIAL PROJECTS ESTABLISHMENT, RIYADH,  
-- P.O. BOX 297, STEEL RE-BARS  
-- E. AHMED ZAMIL, ALKHOBAR, P.O. BOX 83, STEEL  
-- STRUCTURES FOR BUILDINGS  
3. EMBASSY REQUESTED INVESTIGATE CURRENT INTEREST THESE  
FIRMS IN SUCH A VENTURE OR OTHERS OF WHICH EMBASSY MAY  
BE AWARE. PEDEN WOULD ALSO APPRECIATE EMBASSY ASSESSMENT  
OF MARKET PROSPECTS FOR SUCH A PROJECT AND LIKELY SAG  
REACTION, PLUS IDENTIFICATION ANY SUCH PRODUCTION FACILI-  
TIES IN SAUDI ARABIA KNOWN TO EMBASSY. ROBINSON

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